



Signed and Filed: September 10, 2019

DENNIS MONTALI  
U.S. Bankruptcy Judge

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UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

**In re:**

**PG&E CORPORATION,**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- ☐ Affects PG&E Corporation  
☐ Affects Pacific Gas and Electric Company  
☒ Affects both Debtors

*\* All papers shall be filed in the Lead Case,  
No. 19-30088 (DM).*

Bankruptcy Case  
No. 19 -30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**ORDER PURSUANT TO  
11 U.S.C. §§ 363(b) AND 105(a) AND  
FED R. BANKR. P. 9019 AUTHORIZING  
THE DEBTORS TO ESTABLISH  
PROCEDURES TO SETTLE AND  
COMPROMISE CERTAIN CLAIMS  
AND CAUSES OF ACTION**

1                   Upon the Motion, dated August 18, 2019 [Docket No. 3576] (the “**Motion**”),<sup>1</sup> of  
2 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as  
3 debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-captioned  
4 chapter 11 cases (the “**Chapter 11 Cases**”), pursuant to sections 363 and 105(a) of title 11 of the  
5 United States Code (the “**Bankruptcy Code**”) and Rule 9019 of the Federal Rules of Bankruptcy  
6 Procedure (the “**Bankruptcy Rules**”), for entry of an order authorizing and establishing procedures  
7 for the Debtors to compromise and settle certain non-wildfire claims and causes of action without  
8 further Court approval, all as more fully set forth in the Motion; and this Court having jurisdiction  
9 to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334,  
10 *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D.  
11 Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for  
12 the Northern District of California (the “**Bankruptcy Local Rules**”); and consideration of the  
13 Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue  
14 being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found  
15 and determined that notice of the Motion as provided to the parties listed therein is reasonable and  
16 sufficient under the circumstances, and it appearing that no other or further notice need be provided;  
17 and this Court having reviewed the Motion and the Boken Declaration; and this Court having  
18 determined that the legal and factual bases set forth in the Motion establish just cause for the relief  
19 granted herein, subject to the limited objection by the Public Advocates Office at the California  
20 Public Utilities Commission (“**CPUC**”); and it appearing that the relief requested in the Motion is  
21 in the best interests of the Debtors, their estates, creditors, shareholders, and all parties in interest  
22 and represents a sound exercise of the Debtors’ business judgment; and upon all of the proceedings  
23 had before this Court and after due deliberation and sufficient cause appearing therefor, for the  
24 reasons stated on the record,

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26  
27 <sup>1</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such  
28 terms in the Motion.

1  
2 **IT IS HEREBY ORDERED THAT:**

3 1. The Motion is granted as provided herein.

4 2. The Debtors are authorized, but not directed, pursuant to sections 363 and  
5 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, to settle and compromise Claims in  
6 accordance with the following Settlement Procedures:

- 7 (a) The Debtors are authorized to settle any and all Claims without prior approval of,  
8 or notice to, the Court or any other party in interest, whenever the aggregate amount  
9 to be allowed for an individual Claim (the “**Settlement Amount**”) is less than or  
10 equal to \$1 million (a “**De Minimis Settlement Amount**”); *provided, however, De*  
11 *Minimis Settlement Amounts shall not include any Settlement of a Claim (i) to*  
12 *which any present or former insider of the Debtors is a party or (ii) that includes a*  
13 *release by any of the Debtors of a Claim they may have against the holder of a*  
14 *Claim pursuant to chapter 5 of the Bankruptcy Code.*
- 15 (b) If the Settlement Amount for a Claim is not a *De Minimis Settlement Amount* but  
16 is less than or equal to \$10 million, the Debtors shall provide notice of the proposed  
17 Settlement on a confidential, professionals’ eyes only basis, to: (i) the U.S. Trustee,  
18 (ii) counsel for each of the Committees, (iii) any party to the Settlement; and (iv)  
19 any third party providing consideration with respect to a Settlement pursuant to  
20 subparagraph (e) hereof (each a “**Reviewing Party**,” and collectively, the  
21 “**Reviewing Parties**”) specifying (1) the identity of the other party to the  
22 Settlement, (2) a summary of the dispute, including proof of claim numbers, if any,  
23 and the types of Claims asserted, (3) the terms and amounts for which such Claims  
24 have been settled, including the priority of such settled claim, (4) whether the  
25 Debtors are seeking to release any Claims against creditors or third parties, (5) an  
26 explanation of why the Settlement is favorable to the Debtors, their estates, and  
27 their creditors, and (6) copies of any proposed Settlement or documents supporting  
28 the Settlement.
- (c) Within ten (10) business days of receiving the proposed Settlement, the Reviewing  
Parties may object, or request an extension of time within which to object (which  
objection or request for an extension of time to object may be in the form of an e-  
mail from counsel for any Reviewing Party to counsel for the Debtors), to the  
proposed Settlement. If a timely objection is made by any Reviewing Party, the  
Debtors may either (i) renegotiate the Settlement and submit a revised notification  
to the Reviewing Parties or (ii) file a motion with the Court seeking approval of the  
existing Settlement under Bankruptcy Rule 9019 on no less than twenty-one (21)  
days’ notice. If no timely objection is made by any Reviewing Party or if the  
Debtors receive written approval of the proposed Settlement from the Reviewing  
Parties prior to the objection deadline (which approval may be in the form of an e-  
mail from counsel for each the Reviewing Parties to counsel for the Debtors), then  
the Debtors may proceed with the Settlement, without prior approval of the Court.

- (d) If the Settlement Amount for a claim is not a *De Minimis* Settlement Amount and is greater than \$10 million, the Debtors are required to seek the approval of the Court pursuant to motion under Bankruptcy Rule 9019 on no less than twenty-one (21) days' notice.
- (e) The Debtors may settle Claims where some or all of the consideration is being provided by a third party and/or where the Debtors are releasing Claims against creditors or third parties provided the Debtors otherwise comply with the Settlement Procedures.
- (f) Any Settlement that is not authorized pursuant to the foregoing procedures, or pursuant to any other order of the Court, shall be authorized only upon separate order of the Court upon a motion of the Debtors served upon the parties in interest.
- (g) On a quarterly basis, on the thirtieth (30<sup>th</sup>) day after the start of the quarter, beginning on the quarter that starts on October 1, 2019, the Debtors shall file with the Court and serve, pursuant to the Debtors' Case Management Order,<sup>2</sup> a report of all Settlements that the Debtors have entered during the previous quarter pursuant to the Settlement Procedures, but shall not report Settlements if they are the subject of a separate motion pursuant to Bankruptcy Rule 9019. Such reports shall set forth the names of the parties with whom the Debtors have settled, the relevant proof of claim numbers, and the amounts for which such Claims have been settled.
- (h) For the avoidance of doubt, any Claim settled pursuant to these Settlement Procedures shall be allowed as provided herein and shall be satisfied pursuant to, and as set forth in, a chapter 11 plan for the Debtors as confirmed by the Court.
- (i) No Claim arising out of or relating to the Northern California Fires<sup>3</sup> shall be settled pursuant to these Settlement Procedures.
- (j) Nothing in the Settlement Procedures is intended or should be construed to alter the terms and conditions of any of the Debtors' insurance policies, including, but not limited to, any provisions regarding notice, cooperation, and defense of claims.
- (k) The Debtors reserve the right to seek to modify the Settlement Procedures as they deem appropriate.

3. This Order shall not obligate or require the Debtors to settle any Claim that they do not consider, in their sole discretion, appropriate to compromise and settle, nor any Claim in

<sup>2</sup> Second Amended Order Implementing Certain Notice and Case Management Procedures [Docket No. 1996].

<sup>3</sup> For purposes of this Order, and all matters related thereto, "**Northern California Fires**" include, but are not limited to, the following fires: 37, Adobe, Atlas, Blue, Butte, Camp, Cascade, Cherokee, Ghost Ship, Honey, La Porte, Lobo, Maacama, McCourtney, Norrbom, Nuns, Partrick, Pocket, Point, Pressley, Pythian (a.k.a. Oakmont), Redwood, Sullivan, Sulphur, and Tubbs.

1 amounts in excess of what the Debtors, in their sole discretion, believe to be reasonable and  
2 appropriate.

3 4. The Debtors are authorized to take any and all steps that are necessary or  
4 appropriate to settle the Claims in accordance with the Settlement Procedures.

5 5. Nothing in this Order shall constitute an admission of validity, nature, amount,  
6 or priority of any claim asserted in the Chapter 11 Cases.

7 6. Nothing in this Order or any settlement pursuant to this Order releases, nullifies,  
8 precludes or enjoins the enforcement of any liability under police and regulatory statutes or regulations  
9 (including but not limited to environmental laws or regulations), and any associated liabilities. Nothing  
10 in this Order or any settlement pursuant to this Order shall in any way diminish the obligation of any  
11 entity, including the Debtors, to comply with environmental laws.

12 7. Nothing in this Order or any settlement pursuant to this Order authorizes the  
13 transfer to the purchaser of any governmental licenses, permits, registrations, authorizations, or  
14 approvals without the purchaser's compliance with all applicable legal requirements under non  
15 bankruptcy law governing such transfers.

16 8. Nothing in this Order, nor the Settlement Procedures described herein, shall  
17 apply to any settlements by the Debtors or other relief arising out of any CPUC proceedings.

18 9. Notwithstanding entry of this Order, nothing herein shall create, nor is intended  
19 to create, any rights in favor of or enhance the status of any claim held by, any party.

20 10. Entry of this Order is without prejudice to the Debtors' rights to seek entry of  
21 an order modifying or supplementing the relief granted herein.

22 11. This Court shall retain jurisdiction to hear and determine all matters arising  
23 from or related to the implementation, interpretation, or enforcement of this Order.

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1 Dated: September 9, 2019

2 Accepted and Agreed to:  
3 **PUBLIC ADVOCATES OFFICE**  
4 **STINSON LLP**

5 /s/ Alisa C. Lacey  
6 Name: Alisa C. Lacey  
7 Attorneys for the Public Advocates Office

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\*\* END OF ORDER \*\*

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